State of California

M e m o r a n d u m

To:	Panel Members	Date:	June 22, 2007
From:	Diana Torres, Manager	Analyst:	K. Campion
Subject:	One-Step Final Agreement for **NEWLAND COMMUNITIES LLC**		

CONTRACTOR:

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
SET - Workers Earning At Least State Avg Hrly
Wage

- Legislative Priorities: Moving To A High Performance Workplace

- Type of Industry: Construction

- Repeat Contractor: No

- Contractor's Full-Time Employees

  ➢ *Worldwide:* 447

  ➢ *In California*: 124

- ETP Trainees Represented by Union: No

- Name and Local Number of Union Representing ETP Trainees: N/A

CONTRACT:

- Program Costs: $217,872
- Substantial Contribution: $0
- Total ETP Funding: $217,872
- Total In-kind Contribution: $402,560
  - ➢ *Trainee Wages Paid During Training:* $402,560
  - ➢ *Other Contributions:* $0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: San Diego, Riverside, Placer

INTRODUCTION:

Formed in 1993, and a subsidiary of American Newland Communities LP, Newland Communities LLC (Newland) is a residential land developer that creates and develops large-scale master-planned communities across the United States. The company has more than 60 communities in 14 states, including urban mixed-use developments.   The San Diego headquarters staff provides administrative and internal support for all Newland operations across the United States, including six field locations in California.   This training project is aimed primarily for the headquarters staff as well as the project managers who are located in Newland's field offices in California.

Newland's San Diego facility satisfies the out-of-state competition requirement in Title 22 California Code of Regulations (CCR), Section 4416(e) as a corporate headquarters with a significant business presence outside California.   Newland's field offices in Riverside and Placer Counties are eligible for Special Employment Training (SET) funds under Title 22 CCR, Section 4409(a), which does not have an out-of-state competition requirement.   Newland proposes to train 73 corporate headquarters staff and 30 field office staff (on-site project managers).

MEETING ETP GOALS AND OBJECTIVES:

Newland proposes training that will further the following ETP goals and objectives:

1) Foster job retention of high-wage, high-skill jobs in the priority construction industry; and

2) Support companies moving toward a high performance workplace.

TRAINING PLAN TABLE:

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Job Number 1 Retrainees	MENU: Business Skills, Computer Skills, Continuous Improvement, Advanced Technology	73	24 – 200	0	$2,304	*$12.89 – $72.00
Job Number 2 SET Retrainees	MENU: Business Skills, Computer Skills, Continuous Improvement	30	24 – 200	0	$1,656	*$22.51 – $50.00
Wages After 90-Day Retention						

Occupation

Accounting/Finance Staff
Customer Support Services Staff
Information Systems Staff
Marketing Staff
Operations Staff
Regional Support Staff
Project Manager
Manager

Health Benefits Used To Meet ETP Minimum Wage:	**Turnover Rate**	**% Of Mgrs & Supervisors To Be Trained:**
*Health benefits of at least $1.39 per hour may be added to the trainee's wages to meet the ETP minimum hourly rate of $12.89 per hour for San Diego County, and $22.51 for Job Number 2 SET trainees.	15%	12%

Other Employee Benefits:

Paid vacation, sick leave, 401K retirement program, stock options, employee assistance program (EAP), tuition reimbursement.

COMMENTS / ISSUES:

➢ *Frontline Workers*

Of the 103 retrainees proposed in the training plan, 91 retrainees meet the Panel definition of frontline worker under Title 22 CCR, Section 4400(ee). The remaining 12 retrainees (12%) are managers.

Job Number 1

Of the 73 proposed retrainees, 61 meet the Panel definition of frontline workers under Title 22 CCR, Section 4400(ee). The other 12 retrainees are managers at the San Diego headquarter facility. No Senior Managers who set company policy are included in the training plan.

Job Number 2, SET Frontline Worker

Newland representatives report that all 30 retrainees in this Job Number are "project managers" who spend 100 percent of their time providing project related services and have no supervisory responsibilities. Therefore, Newland requests that the Panel determine these 30 project managers meet Title 22 CCR, Section 4400(ee)(3) as stated below. These 30 project managers are not included in the percentage of mangers reported on page 3 of the memorandum.

Title 22 CCR, Section 4400(ee)(3) defines a frontline Worker provides in part:

 An individual who is exempt from payment of overtime compensation under state or federal law and is directly producing or delivering goods or services may be a frontline worker. The Panel will make a determination of exempt status on a case-by-case basis and at its sole discretion under Subsections (1) and (3) above. In so doing, the Panel will follow the standards for determining exempt status set forth in Labor Code Sections 515, 515.5, and 516 and the Wage Orders of the Industrial Welfare Commission. The Panel will also consult applicable state and federal wage and hour law guidelines published by the Division of Labor Standards Enforcement under the Department of Industrial Relations.

➢ *Production During Training*

The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce goods or provide services which will ultimately be sold.

➢ *Advanced Technology Reimbursement Rate*

Newland requests the AT priority industry fixed-fee reimbursement rate of $26 per hour for training approximately 15 Information Systems (IS) and Marketing Staff. These retrainees are projected to receive up to 40 hours of AT training in Oracle Applications Suite, Multi Media skills, Visual Basic language, Film/Video Production and Post Production, and Microsoft Active Server Pages (ASP). IS staff supports Newland's application system infrastructure. These workers require knowledge of Oracle and Visual Basic, for troubleshooting, maintaining, and updating all applicable software systems. Training of the IS staff in ASP is needed to improve the sharing of information among regions and within teams by providing collaborative workspaces that serve as mini-websites. Training in ASP

COMMENTS / ISSUES: (continued)

skills will support development of these collaborative workspaces as well as financial systems and other in-house applications. The IS and Marketing staff are in charge of Newland's Intranet and Internet sites. They also need training in multi-media skills, animation, film/video production and postproduction in order to support promotional campaigns to the homebuilders and homebuyers customer base.

Company representatives state that the AT training costs are estimated to be a minimum of $81.25 per trainee hour. Class size will be limited to 10 students or less based upon the complexity of the subject matter. Newland representatives state that the excess costs of this training above the ETP fixed rate will be paid at the company's expense.

RECOMMENDATION:

Staff recommends that the Panel approve this proposal and the AT reimbursement rate because it will assist the company in meeting its current and future business challenges and improving its operational efficiencies.   This training should also improve the company's relationships with its customers. Overall, this project will assist Newland in improving the decision making skills of the workforce by moving towards a high performance workplace.

NARRATIVE:

Newland's designs include the physical infrastructure of a construction project (i.e., schools, park lands, nature trails, water systems) as well as aesthetic and social concepts (i.e., connectedness). Newland's direct customers are builders and other partners who buy lots or parcels of land to construct homes or commercial buildings.

Newland representatives report that land development is a long-term industry with each project taking 20 to 30 years to complete. Therefore, it is critical that the company adjust to fluctuations in the real estate economy, and to anticipate and prepare for varying market scenarios. More complex requirements and demands, changes in its customer base, and advancements in technology are requiring Newland's workers to upgrade job skills to keep pace with the changes, become more efficient, and transition to a high performance workplace while maintaining high quality and customer satisfaction levels.

For example, Newland is beginning to experience a shift in the demographics of its customers, the majority of whom are Baby Boomers and Generation Xers. No longer is the focus on "gated" communities, but rather on developments that encourage residents to socialize, entertain, travel and participate in moderate physical activities. The changes to Newland's demographics propel the company to realign its strategies. This will require state-of-the art technologies to help the company properly handle the research, data collection and tracking resulting of these demographic changes. Additionally, the demand for mixed-use zoning and support of "green" efforts is anticipated to increase. Further, Newland must be able to envision new technology advancements in communities such as digital health monitoring systems, Internet Protocol Television (IPTV), and Internet telephony services.

NARRATIVE: (continued)

Company representatives report that training is critical to effectively meet new business challenges and implement policies, processes and systems that improve operational efficiencies. The company must train in new processes to support a strategic team approach and use of best practices.

To that end, Newland requests ETP funds to retrain 91 frontline workers and 12 managers in Business Skills, Computer Skills, Continuous Improvement and Advanced Technology. Trainees will receive formal class/lab training based on their job functions.

Business Skills

All trainees will be provided training in business skills such as Effective Communications, Presentations, Meeting Skills, and Negotiation Techniques. Business Writing includes copywriting, writing for manuals, and effective proposal writing and will be delivered to marketing staff along with Strategic Product Marketing training. Advanced Consultative Selling Techniques will be delivered to project managers and customer support services staff to improve skills. Training in Land Planning and Development will be provided to workers on the operations staff and marketing staff to teach how to emphasize opportunities and understand constraints for development presented by cultural and biophysical resources. Training in Financial & Budgeting Strategies will help trainees to understand the impact of financial decisions on strategic projects. Project managers will receive training in Strategic Project Management to learn how to effectively manage a project over an extended period of time, since a development can extend over months or years before being completed.

Computer Skills

All trainees are projected to receive one or more courses in Computer Skills including Advanced Microsoft Office. This training is projected to provide advanced skills that will aid in completing their jobs more efficiently, and aid in collecting and analyzing data, while increasing productivity. Training in MS Project and Access will be provided to accounting & finance Staff, marketing staff, and construction project managers. Visio and PageMaker training will be delivered to marketing staff as well as information systems staff. Training in Pivotal (CRM System), and Hyperion (ERP system) will be provided to all trainees and will give the workforce the ability to manage customer relationships and provide quality service. JD Edwards EnterpriseOne training will be given to all end-user trainees to learn how to effectively utilize this new system.

Continuous Improvement

Training will include all levels of employees and will incorporate training in Problem Solving, Team Building, Process Mapping and other quality training topics and team skills topics. Training in project management skills and leadership skills will be delivered to those leaders of the organization involved in project management. Continuous Improvement training is projected to help improve company processes in order to keep up with changes in the demands and growth of the business while maintaining quality reputation and customer satisfaction, as Newland transitions to a high performance workplace.

NARRATIVE: (continued)

Advanced Technology

The proposed AT training will provide the skills required to properly implement, apply, and enhance the use of Newland's systems. The ASP training will allow the IS workers to develop and enhance web applications, both intranet and internet. Visual Basic is a tool for productively building type-safe and object-oriented applications and this training will allow IS staff to create a wide range of Windows, Web, mobile, and Office applications built on the .NET Framework. With the increased efficiency and increase accuracy of data available through the system and reports, Newland can transition to a high performance workplace.

Commitment to Training

Newland representatives state that the ETP funding under this proposal will not displace any of its resources for training. The company's training budget of $300,000 is dedicated for training high level executives in leadership skills. Additionally, the company provides new employee orientation, basic safety training, basic computer skills, state-mandated training, ethics training, informal on-the-job training and basic technical skills as needed. Newland representatives report that the effect of ETP-funds will allow the company to implement a formal, structured training program never before offered that will provide a foundation for future training and provide increased effectiveness, knowledge retention, and skills upgrade.

Additionally, the company reports that, after the completion of the project term, ETP-funds are projected to act as a catalyst for future training of its frontline workers to continue the foundation of instructor-led, enhanced skills training.

SUBCONTRACTORS:

To be determined.

THIRD PARTY SERVICES:

California Manufacturers & Technology Association assisted with completion of the application documents at no charge.

NEWLAND COMMUNITIES LLC

MENU CURRICULUM

(Job Number 1 and 2)

Class Lab Hours
24 – 200   *Trainees will receive any of the following:*

BUSINESS SKILLS

Effective Communications – Skills and Techniques
Effective Presentations – Tools and Techniques
Effective Meeting Skills
Conflict Negotiations – Tools and Techniques
Business Writing
        Copywriting Tools & Techniques
        Writing Effective Proposals
        Technical Writing
Strategic Product Marketing
Strategic Project Management
Land Planning & Development
Financial & Budgeting Strategies and Skills
Advanced Consultative Selling Techniques

COMPUTER SKILLS

Microsoft Access (database software)
Pivotal (CRM software)
Hyperion ERP (for end-users)
Microsoft Visio (diagramming software)
MS Project (Project Management software)
Advanced Microsoft Office: Word, Excel, PowerPoint
Adobe Page Maker (desktop publishing software)
JD Edwards Applications (for end-users)

CONTINUOUS IMPROVEMENT

Problem Solving – Skills and Techniques
Process Mapping – Skills and Techniques
Fact Based Decision Making Skills
Operations & Procedures Workflow
Project Leadership Essentials
Coaching & Mentoring Skills for Leaders
Teambuilding for a High Performance Team
Effective Delegation Strategies – Skills and Processes

NEWLAND COMMUNITIES LLC

MENU CURRICULUM *(continued)*

ADVANCED TECHNOLOGY (Job Number 1 only)

Oracle Applications Suite, including:
- Oracle Hyperion (business performance management architecture system)
- Oracle Hyperion Strategic Financial (software for measuring financial impact of corporate strategies)
- Oracle JD Edwards EnterpriseOne (integrated applications suite of comprehensive ERP)

- ASP (Active Server Pages) Microsoft's server-side script engine
- Multi-media skills
- Film/Video Production and Postproduction
- Visual Basic